



## **\$1 Million in RDA Money**

Posted by **Pierluigi Oliverio** on Monday, February 07, 2011

In my opinion, the Council made two great investments two weeks ago for our tax base and jobs. The Council provided \$500,000 of Redevelopment Agency (RDA) funds each to Sunpower and Maxim, totaling a one million dollar investment for economic development. These two companies compete globally, therefore they could have chosen any other location in the world.

Maxim, a billion-dollar semiconductor company, will consolidate its offices and relocate its corporate headquarters from Sunnyvale to North San Jose. Maxim has design facilities all over the the USA and the world.

Sunpower will double its headcount to a payroll of approximately \$75 million in San Jose instead of Texas. Texas offered Sunpower \$4 million. Sunpower could have also expanded its Malaysia facility and been exempt from taxes.

We can't ignore that we are competing at a global level and the fact that San Jose was able to have these two companies call us home after the Great Recession is an accolade. Although I do believe RDA has lost its focus from time to time, this kind of economic development is right on target.

The County of Santa Clara is upset with these two investments, issuing a letter to the City of San Jose citing Sunpower and Maxim specifically. This is the same government agency that says time and time again that they want job growth in the County; especially green jobs. The saying "action speaks louder than words" comes to my mind here. The County will benefit from these investments as the majority of Sunpower and Maxim's employees will have homes in the county paying property tax and sales tax, of which the County government gets a significant portion.

In contrast, the Council funded the construction costs for an existing charter school in East San Jose with \$950,000 of RDA money. So, is one million better spent for economic development or a school?

Neither economic development nor schools are in the City Charter. Do they provide the same measurable return on investment?

RDA did fund the extensive remodel of the existing Horace Mann elementary in our downtown 10 years ago when there was more cash on hand. Horace Mann was an eyesore and is now a very attractive school. Part of the thought process was for downtown to have a good public school for young families. I think the Horace Mann PTA would agree it has benefited the school community. On the other hand, the money spent did not generate any new ongoing jobs or revenue for the City.

Council could have directed the million dollars to fund more affordable housing, since that is funded by RDA, or another million on top of the \$73 million RDA has spent on the Strong Neighborhood Initiative, which benefits a fraction of San Jose.

Finally, important to note is that long ago RDA funded a bridge and light rail station in North San Jose next to then-small company that relocated from the Peninsula. That small company was Cisco and is now the largest private employer in San Jose.

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